Chapter One

THE PROBLEM OF ORDER

At rare historical junctures, states grapple with the fundamental problem of international relations: how to create and maintain order in a world of sovereign states. These junctures come at dramatic moments of upheaval and change within the international system, when the old order has been destroyed by war and newly powerful states try to reestablish basic organizing rules and arrangements. The end of the Cold War after 1989 is seen by many contemporary observers as the most recent of these great historical moments. With the dramatic collapse of the bipolar world order, the question not asked since the 1940s has recently been posed anew: how do states build international order and make it last?

The great moments of international order building have tended to come after major wars, as winning states have undertaken to reconstruct the postwar world. Certain years stand out as critical turning points: 1648, 1713, 1815, 1919, and 1945. At these junctures, newly powerful states have been given extraordinary opportunities to shape world politics. In the chaotic aftermath of war, leaders of these states have found themselves in unusually advantageous positions to put forward new rules and principles of international relations and by so doing remake international order.[1]

This book raises three fundamental questions about order building at these great junctures. First, what is the essential logic of state choice at these postwar moments when the basic organization of international order is up for grabs? That is, what is the strategic circumstance common to these ordering moments, and what are the choices that the leading states face in rebuilding postwar order? Second, why has the specific "solution" to the problem of order changed or evolved across the great postwar settlements? In particular, what is the explanation for the growing resort to institutional strategies of order building, beginning with the 1815 settlement and most systematically pursued after 1945? Third, why has the 1945 postwar order among the advanced industrial countries been so durable, surviving the dramatic shifts in power that accompanied the end of the Cold War?

The great postwar junctures share a set of characteristics that make them unusually important in providing opportunities for leading states to shape international order. The most important characteristic of interstate relations after a major war is that a new distribution of power suddenly

[1] For a list of European and global postwar settlements, see Appendix One.

emerges, creating new asymmetries between powerful and weak states. These new power disparities are manifest precisely as the old order has been destroyed, and there are opportunities and incentives for states to confront each other over the establishment of new principles and rules of order. Major postwar junctures are rare strategic moments when leading or hegemonic states face choices about how to use their newly acquired power—choices that ultimately shape the character of postwar international order.

A state that wins a war has acquired what can usefully be thought of as a sort of "windfall" of power assets. The winning postwar state is newly powerful—indeed, in some cases it is newly hegemonic, acquiring a preponderance of material power capabilities. The question is: what does this state do with its new abundance of power? It has three broad choices. It can *dominate*—use its commanding material capabilities to prevail in the endless conflicts over the distribution of gains. It can *abandon*—wash its hands of postwar disputes and return home. Or it can try to *transform* its favorable postwar power position into a durable order that commands the allegiance of the other states within the order. To achieve this outcome, it must overcome the fears of the weaker and defeated states that it will pursue the other options: domination or abandonment.

Historically, the leading states at the great postwar junctures have had incentives to take the third course, but the means and ability of doing so has changed over time.

There are three central arguments of this book. First, the character of order after major wars has changed as the capacities and mechanisms of states to restrain power has changed. The ability of these states to engage in what can be called "strategic restraint" has evolved over the centuries, and this has changed the way in which leading states have been able to create and maintain international order. The earliest postwar power restraint strategies of states primarily entailed the separation and dispersion of state power and later the counterbalancing of power. More recently, postwar states have dealt with the uncertainties and disparities in state power with institutional strategies that—to varying degrees—bind states together and circumscribe how and when state power can be exercised.

An historical pattern can be identified. Beginning with the 1815 settlement and increasingly after 1919 and 1945, the leading state has resorted to institutional strategies as mechanisms to establish restraints on indiscriminate and arbitrary state power and "lock in" a favorable and durable postwar order. The postwar order-building agendas pursued by Britain after the Napoleonic wars and the United States after the two world wars entailed increasingly expansive proposals to establish intergovernmental institutions that would bind the great powers together and institutionalize their relations after the war. These postwar institutions did not simply solve

functional problems or facilitate cooperation; they have also served as mechanisms of political control that allowed the leading state (at least to some extent) to lock other states into a favorable set of postwar relations and establish some measure of restraint on its own exercise of power, thereby mitigating the fears of domination and abandonment.

Second, the incentives and capacities of leading states to employ institutions as mechanisms of political control are shaped by two variables: the extent of power disparities after the war and the types of states that are party to the settlement. The more extreme the power disparities after the war, the greater the capacity of the leading state to employ institutions to lock in a favorable order; it is in a more advantaged position to exchange restraints on its power for institutional agreements and to trade off short-term gains for longer-term gains. Also, the greater the power disparities, the greater the incentives for weaker and secondary states to establish institutional agreements that reduce the risks of domination or abandonment. Likewise, democratic states have greater capacities to enter into binding institutions and thereby reassure the other states in the postwar settlement than nondemocracies. That is, the "stickiness" of interlocking institutions is greater between democracies than between nondemocracies, and this makes them a more readily employable mechanism to dampen the implications of power asymmetries.

Third, this institutional logic is useful in explaining the remarkable stability of the post-1945 order among the industrial democracies—an order that has persisted despite the end of the Cold War and the huge asymmetries of power. More than in 1815 and 1919, the circumstances in 1945 provided opportunities for the leading state to move toward an institutionalized settlement. Once in place, the democratic character of the states has facilitated the further growth of intergovernmental institutions and commitments, created deeper linkages between these states, and made it increasingly difficult for alternative orders to replace the existing one.

Indeed, the institutional logic of post-1945 order is useful in explaining both the way the Cold War ended and the persistence of this order after the Cold War. It tells us why the Soviet Union gave up with so little resistance and acquiesced in a united and more powerful Germany tied to NATO. Soviet leaders appreciated that the institutional aspects of political order in the West made it less likely that these states would take advantage of the Soviets as they pursued reform and integration. The institutional structure of the Western countries mitigated the security consequences of an adverse shift in power disparities and the rise of a united Germany, and this gave the Soviets incentives to go forward with their fateful decisions sooner and on terms more favorable to the West than they would have otherwise been. And institutional logic helps account for why the major Western institutions continued to persist despite the collapse of bipolarity,

even if (in the case of NATO) there was no immediately apparent function for it to perform. These institutions continue to persist because they are part of the system of mutual commitments and reassurances whose logic predated and was at least partially independent of the Cold War.

Behind this argument about the changing character of postwar orders is an argument about how democracies—employing interlocking institutions—can create an order that mutes the importance of power asymmetries within international relations. To the extent that institutions play this role, the political order that results increasingly takes on "constitutional" characteristics. Fundamentally, constitutional political orders reduce the implications of "winning" in politics. Institutional limits are set on what a party or a state can do if it gains an advantage at a particular moment—for example, by winning an election or gaining disproportionately from economic exchange. In other words, constitutional orders "limit the returns to power." Limits are set on what actors can do with momentary advantages. Losers realize that their losses are limited and temporary, and that to accept those loses is not to risk everything or to give the winners a permanent advantage.

Seen in this way, it is possible to argue that the constitutional character of political orders—whether domestic or international—can vary. The degree to which the institutions within that order limit the returns to power vary, and therefore the overall constitutional character of the order can vary. Historically, international orders have exhibited very few institutional limits on the returns to power. Orders built simply on the balance of power or the coercive domination of a hegemonic state exhibit no constitutional characteristics whatever. But if institutions—wielded by democracies—play a restraining role that is hypothesized in this book, it is possible to argue that international orders under particular circumstances can indeed exhibit constitutional characteristics.

This is a claim of considerable theoretical significance. It is widely understood that domestic and international politics are rooted in very different types of order. Domestic politics is governed by the rule of law and agreed-upon institutions, whereas international politics is governed by the exercise of state power. In domestic politics, power is "tamed" by a framework of institutions and rules, whereas, it is argued, international politics remains an untamed world of power politics. In the most influential formulation, the two realms have fundamentally different structures: one based on the principle of hierarchy and the other on anarchy.[2] But it may be more accurate to say that domestic and international order can take many different forms. In some countries, politics can be extremely ruthless and coercive, whereas some areas of international politics are remarkably

[2] Kenneth Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979).

consensual and institutionalized. The domestic-international divide is not absolute.[3]

When war or political upheaval results in the rise of a newly powerful state or group of states—that is, where there exist highly asymmetrical power relations in an international environment where the basic character of order is in transition—leading states will be presented with the choice to dominate, abandon, or institutionalize the postwar order. When the incentives and opportunities exist for the leading states to move in the direction of an institutionalized settlement that binds states together so as to limit and constrain state power, including the power of the leading or hegemonic state, the postwar order begins to take on constitutional characteristics.

The rest of this chapter looks more closely at the puzzles of postwar order that have eluded explanation, the hypotheses and institutional argument developed in this book, and the larger theoretical implications that are at stake in the debate over how states create and maintain order.

The Puzzles of Order

Order formation in international relations has tended to come at dramatic and episodic moments, typically after great wars. These shifts in the system are what Robert Gilpin calls "systemic change," moments when the governing rules and institutions are remade to suit the interests of the newly powerful states or hegemon.[4] The irregular and episodic pattern of international order formation is itself an important observation about the nature of change. The importance of war, breakdown, and reconstruction in relations among states speaks to a central aspect of international change: that history is, as Peter Katzenstein argues, a "sequence of irregular big bangs."[5]

[3] For other arguments along these lines, see Helen Milner, "The Assumption of Anarchy in International Theory: A Critique," *Review of International Studies*, Vol. 17 (January 1991), pp. 67–85; David A. Lake, "Anarchy, Hierarchy and the Variety of International Relations," *International Organization*, Vol. 50 (1997), pp. 1–33; Barry Buzan and Richard Little, "Reconceptualizing Anarchy," *European Journal of International Relations*, Vol. 2, No. 4 (1996), pp. 403–39; and Helen V. Millner, "Rationalizing Politics: The Emerging Synthesis of International, American, and Comparative Politics," in Peter J. Katzenstein, Robert O. Keohane, and Stephen D. Krasner, eds., *Explorations and Contestation in the Study of World Politics* (Cambridge: MIT Press, 1999), pp. 119–46. For a discussion see G. John Ikenberry, "Constitutional Politics in International Relations, " *European Journal of International Relations*, Vol. 4, No.2 (June 1998), pp. 147–77.

[4] Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981), pp. 41–44. This type of change is contrasted with "systems change," which refers to change in the basic character of the actors within the global system; and it is contrasted with "interaction change," which refers to change in the political, economic, and other processes among actors.

[5] Peter J. Katzenstein, "International Relations Theory and the Analysis of Change," in Ernst-Otto Czempiel and James N. Rosenau, eds., *Global Changes and Theoretical Chal-*

World politics is marked by infrequent discontinuities that rearrange the relations between states.

Although the most consequential reordering moments in international relations have occurred after major wars, the specific character of the orders these settlements produced have changed over the centuries. The settlements grew increasingly global in scope. The Westphalia settlement in 1648 was primarily a continental European settlement, whereas the Utrecht settlement in 1712 saw the beginning of Britain's involvement in shaping the European state system. The Vienna settlement in 1815 brought the wider colonial and non-European world into the negotiations. In the twentieth century, the settlements were truly global. The peace agreements also expanded in scope and reach. They dealt with a widening range of security, territorial, economic, and functional issues and they became increasingly intrusive, entailing greater involvement in the internal structures and administration of the defeated states; they culminated in 1945 with the occupation and reconstruction of Germany and Japan.[6]

Most important, in the settlements of 1815, 1919, and 1945, the leading states made increasingly elaborate efforts to institutionalize the postwar security relations between the major powers. Rather than rely simply on balance-of-power strategies or preponderant power, they sought to restrain power, reassure weaker potential rivals, and establish commitments by creating various types of binding institutions. The strategy was to tie potentially rival and mutually threatening states together in alliance and other institutions. Robert Jervis notes this logic in the Vienna settlement: "The conception of self-interest expanded, and statesmen came to believe that menacing states could best be contained by keeping close ties on them."[7]

The postwar settlements of 1919 and 1945 saw postwar order-building strategies that were even more far-reaching in their use of institutions to bind and reassure potential adversaries. The explanation of how and why this practice of using institutions to tie states together emerged in 1815 as

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lenges (Lexington, Mass.: Lexington Books, 1989), p. 296. For a recent survey of alternative conceptions of change within international relations theory, see Michael Doyle and G. John Ikenberry, eds., *New Thinking in International Relations Theory* (Boulder, Colo.: Westview Press, 1997).

[6] See Redvers Opie et al. *The Search for Peace Settlements* (Washington, D.C.: Brookings Institution, 1951), pp. 2–5. For surveys of the major postwar settlements, see Robert Randle, *The Origins of Peace: A Study of Peacemaking and the Structure of Peace Settlements* (New York: Free Press, 1973); Charles F. Doran, *The Politics of Assimilation* (Baltimore: Johns Hopkins University Press, 1971); Kalevi J. Holsti, *Peace and War: Armed Conflicts and International Order, 1648–1989* (New York: Cambridge University Press, 1991); and Charles W. Kegley, Jr., and Gregory A. Raymond, *How Nations Make Peace* (New York: St. Martin's Press, 1999).

[7] Robert Jervis, "A Political Science Perspective on the Balance of Power and the Concert," *American Historical Review*, Vol. 97, No. 3 (June 1992), p. 723.

an alternative to a simple balance-of-power order, and reappeared in even more extensive form after the two world wars, is an important historical and theoretical puzzle.[8]

After 1945, the United States pursued a strategy of postwar order building that involved the unprecedented creation of new intergovernmental institutions. In the aftermath of World War II, the prewar order was in ruins, the European great powers were beaten down, and the United States was poised to dominate world politics. From this commanding position, between 1944 and 1951, the United States led the way in establishing the Bretton Woods institutions, the United Nations, the North Atlantic Treaty Organization (NATO), the U.S.-Japan security treaty, and other alliances in Asia. Postwar institutions came in many guises—regional, global, economic, security, multilateral, and bilateral.

There have been many great wars and many moments when newly powerful states were in a position to organize the postwar order. But never has a single state emerged so dominant after so consequential a war; and never has there been a great power that has sought to institutionalize the postwar order so thoroughly. The specific contrast can be made between American and British hegemonic periods, for the United States has made much more extensive use of institutions than Britain did in the nineteenth century.[9]

Why would the United States, at the height of its hegemonic power after World War II, agree to "institutionalize" its power? The United States did attempt to lock other states into these institutions while simultaneously leaving itself as unencumbered as possible. But the postwar institutions inevitably also set some limits on how America could exercise its hegemonic power. Why would it agree to these institutional limits? It is also a puzzle why weaker and secondary states would agree to become more rather than less entangled with such a powerful hegemonic state. To do so is to risk domination, and if these weaker states believe that the hegemon's power will ultimately decline, they might argue that it is better not to lock themselves in, and wait until they can get a better deal later.

It is also a puzzle that the 1945 order has been so durable. One of the great surprises of the post-Cold War period is the remarkable stability of relations between the United States and the other advanced industrial

[8] Robert Jervis argues in his study of the 1815 concert system that scholars "don't know enough about why this practice emerged." Ibid., p. 724.

[9] For comparisons of American and British hegemony, see Robert Gilpin, *U.S. Power and the Multinational Corporation: The Political Economy of Foreign Direct Investment* (New York: Basic Books, 1975); David Lake, "British and American Hegemony Compared: Lessons for the Current Era of Decline," in Michael Fry, ed., *History, the White House, and the Kremlin: Statesmen as Historians* (New York: Columbia University Press, 1991), pp. 106–22; and Joseph S. Nye, Jr., *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1992).

countries. Despite the collapse of the Soviet Union and the end of bipolarity, relations among the United States, Europe, and Japan continue to be relatively open, reciprocal, legitimate, and institutionalized. Many observers expected the end of the Cold War to trigger major changes in relations among these countries, such as the breakdown of multilateral institutions, the rise of regional blocs, and the return to strategic balancing by Japan and Germany.

The end of the Cold War has not only eliminated a source of cohesion among the industrial democracies; it has also led to a unipolar distribution of power. In both economic and military spheres, the United States leads its nearest rival by a larger margin than has any other leading state in the last three centuries. Yet despite this concentration of American power, there is very little evidence that other states are actively seeking to balance against it or organize a counterhegemonic coalition. Again, the puzzle today concerns what has not happened: In a decade of sharp shifts in the distribution of power, why has there been so much stability and persistence of order among the industrial democracies?

The Debate about Order

The debate about the sources of international order is typically waged between those who stress the importance of power and those who stress the importance of institutions and ideas.[10] This is a false dichotomy. State power and its disparities determine the basic dilemmas that states face in the creation and maintenance of order, but variations in the "solutions" that states have found to these dilemmas require additional theorizing. The character and stability of postwar order hinge on the capacities of states to develop institutional mechanisms to restrain power and establish binding commitments—capacities that stem from the political character of states and prevailing strategic thinking about the sources of international order. But prevailing theories of institutions also miss the way institutions play an ordering role as mechanisms of political control.

The realist tradition advances the most clearly defined answers to the basic question of how order is created among states.[11] The fundamental

[10] For a useful discussion of "optimistic" (Kantian) and "despairing" (Rousseauian) intellectual traditions on the question of international order, see Ian Clark, *The Hierarchy of States: Reform and Resistance in the International Order* (Cambridge: Cambridge University Press, 1989). For a survey of theories of international order, see John A. Hall, *International Order* (Cambridge: Polity Press, 1996), chapter one.

[11] According to Talcott Parsons, the original articulator of the "problem of order" was Hobbes, who argued that individuals operating in the state of nature would not be able to create order among themselves—that is, establish stable, recurrent, and cooperative social relations. The solution would ultimately require the imposition of order by a hierarchical

realist claim is that order is created and maintained by state power, and shifts in order are ultimately driven by shifts in the distribution of state power. Built on this view, realism—and its neorealist revisions—offer two relatively distinct images of order formation in world politics: balance of power and hegemony.

Balance-of-power theory explains order—and the rules and institutions that emerge—as the product of an ongoing process of balancing and adjustment of opposing power concentrations or threats among states under conditions of anarchy.[12] Balancing can be pursued both internally and externally: through domestic mobilization and through the formation of temporary alliances among states to resist and counterbalance a threatening concentration of power. Under conditions of anarchy, alliances will come and go as temporary expedients, states will guard their autonomy, and entangling institutions will be resisted. Balance-of-power realists differ greatly over how explicit and self-conscious the rules of balance tend to be. The order that emerges is thus either the unintended outcome of balancing pressures or a reflection of learned and formalized rules of equilibrium and balance.

A second neorealist theory holds that order is created and maintained by a hegemonic state, which uses power capabilities to organize relations among states.[13] The preponderance of power by a state allows it to offer incentives, both positive and negative, to the other states to agree to ongoing participation within the hegemonic order. According to Robert Gilpin, an international order is, at any particular moment in history, the reflection of the underlying distribution of power of states within the system. Over time, this distribution of power shifts, leading to conflicts and ruptures in the system, hegemonic war, and the eventual reorganization of order so as to reflect the new distribution of power capabilities. It is the rising hegemonic state or group of states, whose power position has been ratified by war, that defines the terms of the postwar settlement and the character of the new order.

These neorealist theories are helpful in identifying the strategic dilemmas that emerge at postwar junctures: the problem of creating order in highly asymmetrical power relations. But neither version of neorealism can make

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sovereign. See Parsons, *The Structure of Social Action* (New York: McGraw-Hill, 1937), pp. 89–94. Albert Hirschman shows that the modern intellectual response to Hobbes, leading to Adam Smith's *Wealth of Nations*, was to cast doubt on Hobbes's problem of order by suggesting that certain human motivations kept others under control and, most importantly, that the pursuit of political and economic self-interest was not typically an uncontrollable "passion" but a civilized, gentle activity. See Hirschman, *The Passions and the Interests* (Princeton: Princeton University Press, 1977).

[12] See Waltz, *Theory of International Politics*. For extensions and debates, see Robert O. Keohane, ed., *Neorealism and Its Critics* (New York: Columbia University Press, 1986).

[13] See Gilpin, *War and Change in World Politics*.

complete sense of the rising role of institutional strategies of order building by leading states or the sequence of postwar orders that emerged. Neither version allows international institutions to play a primary role in the organization of relations among states.[14] In a simple neorealist view, hegemonic order is established and maintained by the continuing use of inducements and threats that are available to the preponderant postwar state, which relies on such material capabilities as military power; control over raw materials, markets, and capital; and competitive economic and technological advantages.[15] As I will argue later, there is evidence that hegemonic states—Britain in the nineteenth century and the United States after the world wars—acted according to a more sophisticated understanding of power and order. They sought to establish mutually agreed-upon rules and principles of order, and they appeared to realize that to do so required not just wielding material capabilities but also restraining the use of that power.[16]

Likewise, the continuing stability of the Western postwar order challenges most neorealist theories of balance and hegemony. With the end of the Soviet threat, balance-of-power theory expects the West, and particularly the security organizations such as NATO, to weaken and eventually return to a pattern of strategic rivalry.[17] Neorealist theories of hegemony

[14] Waltz's classic statement of neorealism assigns little significance to the role of international institutions. For recent discussions of international institutions within the realist tradition, see Randall L. Schweller and David Priess, "A Tale of Two Realisms: Expanding the Institutions Debate," *Mershon International Studies Review*, Vol. 41, Supplement (May 1997), pp. 1–32; and Robert Jervis, "Realism, Neoliberalism, and Cooperation: Understanding the Debate," *International Security*, Vol. 24, No. 1 (Summer 1999), pp. 42–63.

[15] Few scholars are satisfied with an understanding of hegemonic order built simply around the exercise of material capabilities. Robert Keohane, for example, notes that "theories of hegemony should seek not only to analyze dominant powers' decisions to engage in rule-making and rule-enforcement, but also to explore why secondary states defer to the leadership of the hegemony," and stresses that these theories "need to account for the legitimacy of hegemonic regimes and for the coexistence of cooperation." Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984), p. 39. Likewise, Robert Gilpin argues that the "governance" of the international system is in part maintained by the prestige and moral leadership of the hegemonic power. Although the authority of the hegemonic power is ultimately established by military and economic supremacy, "the position of the dominant power may be supported by ideological, religious, or other values common to a set of states." Gilpin, *War and Change in World Politics*, p. 34.

[16] Why principled agreement is sought by leading postwar states and how it might be secured among unequal states are important questions that neorealist hegemonic theories cannot answer. See G. John Ikenberry and Charles A. Kupchan, "Socialization and Hegemonic Power," *International Organization*, Vol. 44, No. 3 (Summer 1990), pp. 283–315.

[17] John J. Mearsheimer, "Back to the Future: Instability of Europe after the Cold War," *International Security*, Vol. 15 (Summer 1990), pp. 5–57; Mearsheimer, "Why We Will Soon Miss the Cold War," *Atlantic*, No. 266 (August 1990), pp. 35–50; Conor Cruise O'Brien, "The Future of the West," *National Interest*, No. 30 (Winter 1992/93), pp. 3–10; and Stephen M. Walt, "The Ties That Fray: Why Europe and America Are Drifting Apart," *National Interest*, No. 54 (Winter 1998/99), pp. 3–11.

have argued that the extreme preponderance of American power will trigger counterbalancing reactions by Asian and European allies, or at least a loosening of the political and security ties that marked the Cold War era.[18] Some neorealist accounts have been advanced to explain the absence of European or Asian balancing responses in the face of renewed American hegemony. One such explanation looks at American post-Cold War grand strategy and its seeming ability to use material resources to coopt and reassure allies, thereby forestalling balancing and resistance.[19] Another realist answer is that contemporary American power is so much greater than that of other states that counterbalancing would not work.[20]

Nonetheless, the basic thrust of these neorealist theories is that the advanced industrial states will again have to deal with the problems of anarchy after the Cold War: economic rivalry, security dilemmas, institutional decay, and balancing alliances. The external threat of the Cold War is gone, and even if the United States remains predominant, it has lost a critical source of cohesion among the allies. The fact that post-Cold War relations among the Western industrial countries have remained stable and open, and institutionalized cooperation in some areas has actually expanded, is a puzzle that can only be explained by going beyond neorealism.[21]

Liberal theories are also relevant but incomplete in understanding the politics of order building after major wars.[22] These theories provide particularly promising leads in explaining aspects of the 1945 postwar order, but they do not provide a full explanation of its features or the sources of its

[18] See, for example, Christopher Layne, "The Unipolar Illusion: Why New Great Powers Will Arise," *International Security*, Vol. 17, No. 4 (Spring 1993), pp. 5–51; Layne, "From Preponderance to Offshore Balancing: America's Future Grand Strategy," *International Security*, Vol. 22, No. 1 (Summer 1997), pp. 86–124; and Josef Joffe, " 'Bismarck' or 'Britain'? Toward an American Grand Strategy after Bipolarity," *International Security*, Vol. 19, No. 4 (Spring 1995), pp. 94–117.

[19] See Michael Mastanduno, "Preserving the Unipolar Moment: Realist Theories and U.S. Grand Strategy after the Cold War," *International Security*, Vol. 21, No. 4 (Spring 1997), pp. 49–88; and Robert F. Lieber, response to Walt, "The Ties That Fray," in *National Interest*, No. 55 (Spring 1999), p. 114.

[20] William C. Wohlforth, "The Stability of a Unipolar World," *International Security*, Vol. 24, No. 1 (Summer 1999), pp. 5–41.

[21] See Daniel Deudney and G. John Ikenberry, "The Nature and Sources of Liberal International Order," *Review of International Studies*, Vol. 25, No. 2 (Spring 1999), pp. 179–96.

[22] Theories of the democratic peace, pluralistic security communities, complex interdependence, and international regimes all identify important features of international relations, and they are particularly useful in explaining aspects of relations among the Western industrial countries in the postwar period. For overviews of liberal theories, see Mark W. Zacher and Richard A. Mathew, "Liberal International Relations Theory: Common Threads, Divergent Strands," in Charles W. Kegley, ed., *Controversies in International Relations Theory: Realism and the Neoliberal Challenge* (New York: St. Martin's, 1995). For an important synthetic statement of liberal theory, see Andrew Moravcsik, "Taking Preferences Seriously: A Liberal Theory of International Politics," *International Organization*, Vol. 51, No. 4 (Autumn 1997), pp. 513–53.

stability.[23] Liberal theories are less concerned with the asymmetries of power between states and the constraints on cooperation that are engendered as a result. They miss the prevalence of institutional binding practices as an alternative to traditional balancing and the way in which the open and democratic American polity has combined with international institutions to mitigate the implications of postwar power asymmetries.

Liberal theories see institutions as having a variety of international functions and impacts that serve in various ways to facilitate cooperation, modify state power, and alter the ways in which states identify and pursue their interests.[24] Liberal theories have also identified and stressed the importance of institutions among states that serve as foundational agreements or constitutional contracts—what Oran Young describes as "sets of rights and rules that are expected to govern their subsequent interactions."[25] But there has been less attention to the ways that institutions can be used as strategies to bind states together so as to mitigate the security dilemma and overcome

[23] No single theorist represents this composite liberal orientation, but a variety of theorists provide aspects. On the democratic peace, see Michael Doyle, "Kant, Liberal Legacies, and Foreign Affairs," *Philosophy and Public Affairs*, Vol. 12 (1983), pp. 205–35, 323–53. On security communities, see Emanuel Adler and Michael Barnett, eds., *Security Communities* (New York: Cambridge University Press, 1998); and Karl Deutsch, *Political Community and the North Atlantic Area* (Princeton: Princeton University Press, 1957). On the interrelationship of domestic and international politics, see James Rosenau, ed., *Linkage Politics: Essays on the Convergence of National and International Systems* (New York: Free Press, 1969). On functional integration theory, see Ernst Haas, *Beyond the Nation-State: Functionalism and International Organization* (Stanford: Stanford University Press, 1964). On the fragmented and complex nature of power and interdependence, see Robert Keohane and Joseph Nye, *Power and Interdependence* (Boston: Little, Brown, 1977). On the modernization theory underpinnings of the liberal tradition, see Edward Morse, *Modernization and the Transformation of International Relations* (New York: Free Press, 1976); and James Rosenau, *Turbulence in World Politics: A Theory of Change and Continuity*) Princeton: Princeton University Press, 1991).

[24] The liberal literature on international institutions and regimes is large. For overviews, see Stephen Krasner, ed., *International Regimes* (Ithaca: Cornell University Press, 1981); Steph Haggard and Beth Simmons, "Theories of International Regimes," *International Organization*, Vol. 41 No. 3 (Summer 1987), pp. 491–517; Volker Rittberger, ed., *Regime Theory and International Relations* (Oxford: Oxford University Press, 1995); and Andreas Hasenclever, Peter Mayer, and Volker Rittberger, *Theories of International Regimes* (Cambridge: Cambridge University Press, 1997). For an excellent survey of institutional and regime theory, see Lisa L. Martin and Beth Simmons, "Theories and Empirical Studies of International Institutions," in Peter J. Katzenstein, Robert O. Keohane, and Stephen D. Krasner, eds. *Exploration and Contestation in the Study of World Politics*, pp. 89–117. The seminal statement of neoliberal institutional theory is Keohane, *After Hegemony.*

[25] Oran Young, "Political Leadership and Regime Formation: On the Development of Institutions in International Society," *International Organization* Vol. 45, No. 3 (Summer 1991), p. 282. See also Young, *International Cooperation: Building Regimes for Natural Resources and the Environment* (Ithaca: Cornell University Press, 1989). The concept of constitutional contract is discussed in James M. Buchanan, *The Limits of Liberty* (Chicago: University of Chicago Press, 1975), esp. chapter 5.

incentives to balance. Liberal theories grasp the ways in which institutions can channel and constrain state actions, but they have not explored a more far-reaching view, in which leading states use intergovernmental institutions to restrain themselves and thereby dampen the fears of domination and abandonment by secondary states.

The approach to institutions that I am proposing can be contrasted with two alternative theories: the neoliberal (or "unsticky") theory and the constructivist (or "disembodied") theory. Neoliberal theory sees institutions as agreements or contracts between actors that function to reduce uncertainty, lower transaction costs, and solve collective action problems. They provide information, enforcement mechanisms, and other devices that allow states to realize joint gains.[26] Institutions are employed as strategies to mitigate a range of opportunistic incentives that states will otherwise respond to under conditions of anarchy.[27] Institutions are thus explained in terms of the problems they solve; they are constructs that can be traced to the actions of self-interested individuals or groups.[28]

Constructivist theory sees institutions as diffuse and socially constructed worldviews that bound and shape the strategic behavior of individuals and states. Institutions are seen as overarching patterns of relations that define and reproduce the interests and actions of individuals and groups. They provide normative and cognitive maps for interpretation and action, and they ultimately affect the identities and social purposes of the actors.[29]

[26] See Keohane, *After Hegemony.* The general theoretical position is sketched in Keohane, "International Institutions: Two Approaches," *International Studies Quarterly*, Vol. 32 (December 1988), pp. 379–96, and Keohane and Lisa Martin, "The Promise of Institutionalist Theory," *International Security*, Vol. 20, No. 1 (Summer 1995), pp. 39–51. See also Lisa Martin, *Coercive Cooperation: Explaining Multilateral Economic Sanctions* (Princeton: Princeton University Press, 1992).

[27] See Lisa Martin, "An Institutionalist View: International Institutions and State Strategies," in T. V. Paul and John A. Hall, eds., *International Order and the Future of World Politics* (New York: Cambridge University Press, 1999).

[28] The neoliberal approach argues that institutions are essentially functional or utilitarian "solutions" to problems encountered by rational actors seeking to organize their environment in a way that advances their interests. Kenneth A. Shepsle describes institutions as "agreements about a structure of cooperation" that reduces transaction costs, opportunism, and other forms of "slippage." Sheplse, "Institutional Equilibrium and Equilibrium Institutions," in Herbert F. Weisberg, ed., *Political Science: The Science of Politics* (New York: Agathon, 1986), p. 74.

[29] As Alex Wendt argues, "Constructivists are interested in the construction of identity and interests and, as such, take a more sociological than economic approach" to theory. Wendt, "Collective Identity Formation and the International State," *American Political Science Review*, Vol. 88, No. 2 (June 1994), pp. 384–385. Adopting a similar view, Peter J. Katzenstein argues that "institutionalized power can be seen to mold the identity of the states themselves and thus the interests they hold." Katzenstein, "United Germany in an Integrating Europe," in Katzenstein, ed., *Tamed Power: Germany in Europe* (Ithaca: Cornell University Press, 1997), p. 5.

Behind state interests and power are state identities—prevailing norms and ideas about the purposes and orientation of the state as an entity and as an actor in the wider international system. In this view, the organization of postwar order, in each historical instance, reflects the prevailing thinking among those party to the settlements about what the proper principles and purposes of international order should be. This prevailing thinking, in turn, is rooted in the principles and purposes that shape the fundamental identities of the states themselves.[30]

A third position holds that institutions are both constructs and constraints. Institutions are the formal and informal organizations, rules, routines, and practices that are embedded in the wider political order and define the "landscape" in which actors operate.[31] As such, institutional structures influence the way power is distributed across individuals and groups within a political system, providing advantages and resources to some and constraining the options of others. This approach gives attention to the ways in which institutions alter or fix the distribution of power within a political order. It offers a more sticky theory of institutions than the ratio-

[30] John Ruggie makes an argument of this sort about the relationship between the territorial state, sovereignty, and international institutions. Ruggie argues that multilateralism became the basic organizing principle that allowed the emerging interstate system to cope with the consequences of state sovereignty. Multilateralism—with principles of indivisibility, generalized rules of conduct, and diffuse reciprocity—provided an institutional form that defined and stabilized the international property rights of states and facilitated the resolution of coordination and collaboration problems. See John G. Ruggie, "The Anatomy of an Institution," in Ruggie, ed., *Multilateralism Matters: The Theory and Praxis of an Institution* (New York: Columbia University Press, 1993), pp. 3–47. See also Christian Reus-Smit, "The Constitutional Structure of International Society and the Nature of Fundamental Institutions," *International Organization*, Vol. 51, No. 4 (Autumn 1997), pp. 555–89.

[31] This theoretical view—often called "historical institutionalism"—makes several claims. First, state policy and orientations are mediated in decisive ways by political structures—such as institutional configurations of government. The structures of a polity shape and constrain the goals, opportunities, and actions of the groups and individuals operating within it. Second, to understand how these institutional constraints and opportunities are manifest, they must be placed within an historical process—timing, sequencing, unintended consequences, and policy feedback matter. Third, institutions have path-dependent characteristics—institutions are established and tend to persist until a later shock or upheaval introduces a new moment of opportunity for institutional change. Finally, institutional structures have an impact because they facilitate or limit the actions of groups and individuals—which means that institutions are never offered as a complete explanation of outcomes. The impacts of institutions, therefore, tend to be assessed as they interact with other factors, such as societal interests, culture, ideology, and new policy ideas. For surveys of the theoretical claims of this perspective, see Peter A. Hall and Rosemary C. R. Taylor, "Political Science and the Three New Institutionalisms," *Political Studies*, Vol. 44, No. 5 (Decemeber 1996); pp. 936–37; Kathleen Thelen, "Historical Institutionalism in Comparative Politics," *Annual Review of Political Science* (Palo Alto: Annual Reviews, Inc., 1999), pp. 369–404; and Sven Steinmo, et al. *Structuring Politics: Historical Institutionalism in Comparative Analsysis* (New York: Cambridge University Press, 1992).

nalist account, but unlike constructivism, it locates institutional stickiness in the practical interaction between actors and formal and informal organizations, rules, and routines. Because of the complex causal interaction between actors and institutions, attention to historical timing and sequencing is necessary to appreciate the way in which agency and structure matter.

The key focus of neoliberal institutional theory is the way in which institutions provide information to states and reduce the incentives for cheating.[32] But this misses the fundamental feature of the prevailing order among the advanced industrial countries: the structures of relations are now so deep and pervasive that the kind of cheating that these theories worry about either cannot happen, or if it does it will not really matter because cooperation and the institutions are not fragile but profoundly robust. Moreover, it is a question not only of *how* institutions matter but of *when* they matter. Neoliberal institutionalism argues that institutions matter most after hegemony; when hegemony declines, institutions sustain order and cooperation. But institutions are also critical at the beginning of hegemony—or "after victory"—in establishing order and securing cooperation between unequal states.[33] The theory of institutions advanced in this book incorporates assumptions about path dependency and increasing returns to institutions to explain their potential significance in overcoming or mitigating anarchy, balance, and strategic rivalry.

The Argument

This book argues that the basic problem of order formation is a problem of coping with the newly emerged asymmetries of power. This is the classic problem of political order: How can a stable and mutually acceptable system of relations be established between strong and weak states? Max Weber took this problem as the central dilemma of politics—turning raw power into legitimate authority. Wars create winners and losers, they magnify the differences between strong and weak, and they destroy the old rules and institutions of order. In this situation, as has been said, leading or hege-

[32] The more general claim of the neoliberal approach, embodied in Keohane's pathbreaking work, is that states—in the rational pursuit of their self-interest—often find incentives and opportunities to establish institutions that reduce transaction costs and overcome other obstacles to cooperation. The argument advanced here builds on this seminal insight and attempts to extend it in two directions—where institutions matter and how institutional constraints are manifest.

[33] See Keohane, *After Hegemony.* For a discussion of how neoliberal institutional theory is useful in explaining distributive struggles and competitive security relations between unequal states, see Keohane, "Institutionalist Theory and the Realist Challenge After the Cold War," in David A. Baldwin, ed., *Neorealism and Neoliberalism: The Contemporary Debate* (New York: Columbia University Press, 1993), pp. 269–300, and Keohane and Martin, "The Promise of Institutional Theory," in *International Security.*

monic states can aggrandize their position, states can seek security in balances of power, or states can create more institutionalized political orders. Faced with similar postwar strategic situations in 1648, 1713, 1815, 1919, and 1945, the leading states pursued different strategies. The initial settlements dealt with the problem by separating and balancing power of the major states.[34] The settlements after 1815, 1919, and 1945 increasingly resorted to institutional strategies to establish strategic restraint and overcome fears of domination and abandonment. The central focus of this book is to understand the logic and variation in these postwar strategies and the implications for the stability of the 1945 postwar order.[35]

The argument advanced here is that the character of postwar order has changed as the capacities of states to restrain power and establish commitments has changed. The rise of democratic states and new institutional strategies allowed states capacities to develop new responses to the old and recurring problem of order.

Chapter Two specifies the book's dependent variables: the order-building strategies of the leading postwar states and variations in the character of postwar order. The primary empirical focus is on the choices and policies of newly powerful postwar states and, in particular, variations in the extent to which these states employed institutions as mechanisms to establish commitments and restraints.[36] The secondary empirical focus is the actual character of postwar order and, in this regard, a broad distinction

[34] This is not to argue that the pre-1815 postwar settlements did not also involve the creation of norms, rules, and institutions. Indeed, they did. Hedley Bull, for example, depicts the rise of sovereignty and the balance of power among European states and later the larger international order as a process of institution building within a society of states. See Bull, *The Anarchical Society: A Study of Order in World Politics* (London: Macmillan Press, 1977). But institutional strategies in the more restricted sense used here—binding intergovernmental institutions, such as security alliances, devised as mechanisms to establish commitment and restraint among the great powers—were not in evidence.

[35] I am seeking to explain variations in the extent to which leading states pursued institutional strategies of order building and the extent to which the resulting postwar order had institutional—or constitutional—characteristics. I am not seeking to explain the more general variations in the types of order—balance, hegemonic, and constitutional—across all major postwar settlements. If the objective were to explain the simple presence or absence of institutional strategies or constitutional characteristics, the focus would necessarily be on the contrast between pre- and post-1815 settlements. But the focus here is on variations among settlements that involve the use of institutional strategies and exhibit traces of constitutional order. The operative dependent variable is the order-building strategy of the leading state—as seen in its policies and actions during and after the war and the characteristics of the order that resulted. Hence the historical focus is on variations in the 1815, 1919, and 1945 settlements and not on the fuller set of postwar settlements.

[36] These strategies are distinguished in terms of their power restraint mechanisms. Strategies of institutional binding and supranationalism are specific ways in which states can introduce constitutional characteristics into postwar order.

is made between three types of order: balance of power, hegemonic, and constitutional. These varieties of order differ in the way that the distribution of state power is organized and restrained. This book does not seek to explain systematically variations in these three types of order. Rather, it looks for variations in the character of order as evidence of the extent to which institutional strategies of order building are advanced and successfully pursued by the leading postwar state.

These arguments about the institutional logic of order building and variations in its manifestation are developed in Chapter Three. Assumptions are made at the outset about the basic "problems" that leading states face in rebuilding order after major wars: the breakdown of the old order, the rise of new power asymmetries, and the basic choices that they face. These simplifications are made so as to clarify the basic strategic circumstances and choices. Explaining variations in the choice of order-building strategies—and the growing embrace of institutional strategies—is the puzzle that emerges from this construction of the problem.

Over time, postwar settlements have moved in the direction of an institutionalized order, and have begun to take on constitutional characteristics. Power in exercised—at least to some extent—through agreed-upon institutional rules and practices, thereby limiting the capacities of states to exercise power in arbitrary and indiscriminate ways or use their power advantages to gain a permanent advantage over weaker states. This model of postwar institution building is an ideal type. None of the major postwar settlements fully conforms to its ideal logic. The model allows, however, for the identification of a logic of order building that is more or less present in the settlements of 1815, 1919, and 1945, and that is most fully evident in the 1945 settlement among the industrial democracies. Chapters Four, Five, and Six examine these major modern postwar cases. The 1815 juncture provided Britain with a leading power position, but the establishment of binding institutions was limited by the nondemocratic character of the states involved. The proposed general security guarantee failed primarily because of the inability to the states involved to make binding commitments. Russian Tsar Alexander's highly personal and eccentric foreign policy was the most visible expression of this constraint. The 1815 case shows the leading state attempting to use institutions as a mechanism of power restraint, and there are some traces of constitutional order, but the episode also reveals the limits to which nondemocratic states can create binding institutions. In 1919, the prevalence of democracies among the Western postwar powers provided opportunities for institutional agreement, and Woodrow Wilson articulated ambitious institutional proposals. European leaders did worry about American domination and abandonment, and they did seek to draw the United States into a security commitment. An institutional bargain was within reach, and the reasons for failure are more idio-

syncratic than deeply rooted in the postwar circumstances identified by the model. Wilson's stubborn convictions about the sources of law and institutions, the poor exercise of American power, and missed opportunities were enough to doom the settlement, particularly in the face of conflicting interests among the allies.

The 1945 juncture provided the most pronounced incentives and capacities for the leading and secondary states to move toward an institutionalized settlement. The United States commanded a far more favorable power position than it did after 1919 or than Britain did after 1815. It had more capacities to make institutional bargains with other states, and the sharp asymmetries in power made European governments particularly eager for agreements that would establish commitments and restraints. The democratic character of the states involved made the institutional agreements that resulted—however reluctantly they were initially entered into—more credible and effective in mitigating the severest implications of power asymmetry. The character of the American domestic system—which provided transparency and "voice opportunities"—and the extensive use of binding institutions served to limit the returns to power and provide assurances to states within the order that they would not be dominated or abandoned. The order that has emerged is distinctive—multilateral, reciprocal, legitimate, and highly institutionalized. The post-1945 American-centered order has found a novel and effective way to overcome the problem of order posed by the great asymmetries of power after the war.

Because the Cold War reinforced cooperation among the industrial democracies, it is difficult to evaluate fully the significance of the institutional sources of order during this period. As a result, the pattern of relations among these countries after the Cold War takes on added theoretical importance. As Chapter Seven demonstrates, the durability of relations among the advanced industrial countries—despite the loss of the Soviet threat as a source of cooperation—are consistent with the logic of institutional order and pose problems for alternative theories of contemporary international order.

The book's implications for contemporary American foreign policy makers are explored in the conclusion. The United States has entered the new century as the world's lone superpower. Whether that extraordinary power can be put to good use in creating a lasting and legitimate international order will in no small measure be determined by how American officials use and operate within international institutions. It might appear that there are few constraints or penalties for the United States to exercise its power unilaterally and at its own discretion. But the theory and historical experiences explored in these chapters suggest otherwise. The most enduringly powerful states are those that work with and through institutions.